

Company No. 8515-D

AmBank (M) Berhad

(Company No. 8515-D)

(Incorporated in Malaysia)

And Its Subsidiaries

Interim Financial Statements

For the Financial Period

1 April 2012 to

30 September 2012

(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

		The Group			The Bank		
		30 September 2012	31 March 2012 (Restated)	1 April 2011 (Restated)	30 September 2012	31 March 2012 (Restated)	1 April 2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds		6,867,865	5,453,638	8,740,986	6,901,664	5,133,039	8,375,879
Securities purchased under resale agreements		99,321	384,570	289,731	99,321	384,570	289,731
Deposits and placements with banks and other financial institutions		2,493,698	1,122,194	3,792,922	2,493,698	1,091,549	3,702,163
Derivative financial assets		496,569	380,035	396,673	496,569	380,035	396,673
Financial assets held-for-trading	A8	8,225,282	8,910,943	4,167,002	8,225,282	8,910,943	4,167,002
Financial investments available-for-sale	A9	4,392,209	4,440,721	6,331,969	4,564,263	4,631,972	6,557,696
Financial investments held-to-maturity	A10	1,325,887	116,155	165,331	1,325,491	113,501	159,589
Loans and advances	A11	58,260,846	56,491,272	55,514,989	58,045,534	56,252,935	55,234,910
Statutory deposit with Bank Negara Malaysia		2,049,322	2,011,288	143,811	2,049,322	2,011,288	143,811
Deferred tax assets		187,206	159,570	416,439	186,599	158,391	417,364
Investment in subsidiaries		-	-	-	65,800	65,800	65,800
Investment in associates		1,813	1,611	1,243	127	127	142
Other assets	A12	1,190,419	1,078,760	812,194	1,185,348	1,073,126	807,582
Property and equipment		135,990	141,678	155,322	112,456	117,888	131,078
Intangible assets		182,830	170,213	137,454	182,817	170,198	137,436
TOTAL ASSETS		85,909,257	80,862,648	81,066,066	85,934,291	80,495,362	80,586,856

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (CONTD.)

		30 September 2012	The Group 31 March 2012 (Restated)	1 April 2011 (Restated)	30 September 2012	The Bank 31 March 2012 (Restated)	1 April 2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY							
Deposits and placements of banks and other financial institutions	A13	4,758,440	4,133,216	4,625,853	4,903,569	4,693,167	4,950,589
Securities sold under repurchase agreements		-	41,195	30,465	-	41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,210,639	1,176,054	1,018,043	1,210,639	1,176,054	1,018,043
Derivative financial liabilities		547,787	441,704	432,932	547,787	441,704	432,932
Deposits from customers	A14	62,991,536	59,194,897	59,506,659	62,939,917	58,331,336	58,878,167
Term funding		3,966,327	4,159,813	3,988,475	3,966,327	4,159,813	3,988,475
Bills and acceptances payable		922,996	353,526	988,389	922,996	353,526	988,389
Debt capital		3,229,351	3,241,592	3,367,860	3,229,351	3,241,592	3,367,860
Other liabilities	A15	2,335,856	2,149,210	2,082,720	2,323,206	2,138,688	2,072,071
Total Liabilities		79,962,932	74,891,207	76,041,396	80,043,792	74,577,075	75,726,991
Share capital		820,364	820,364	670,364	820,364	820,364	670,364
Reserves		5,125,896	5,151,031	4,354,260	5,070,135	5,097,923	4,189,501
Equity attributable to equity holder of the Bank		5,946,260	5,971,395	5,024,624	5,890,499	5,918,287	4,859,865
Non-controlling interests		65	46	46	-	-	-
Total Equity		5,946,325	5,971,441	5,024,670	5,890,499	5,918,287	4,859,865
TOTAL LIABILITIES AND EQUITY		85,909,257	80,862,648	81,066,066	85,934,291	80,495,362	80,586,856
COMMITMENTS AND CONTINGENCIES	A30	95,371,708	93,217,715	92,223,251	95,383,004	93,233,992	92,220,904
NET ASSETS PER SHARE (RM)		7.25	7.28	7.50	7.18	7.21	7.25

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

AmBank (M) Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
		RM'000	RM'000	RM'000	RM'000
The Group					
Operating revenue		1,215,784	1,286,748	2,464,760	2,577,069
Interest income	A16	1,090,613	1,081,741	2,146,582	2,124,003
Interest expense	A17	(578,687)	(574,440)	(1,134,304)	(1,129,999)
Net interest income		511,926	507,301	1,012,278	994,004
Net income from Islamic banking business	A18	(35)	82	9	132
Other operating income	A19	125,198	204,914	318,153	452,918
Share in results of associates		89	55	202	167
Net income		637,178	712,352	1,330,642	1,447,221
Other operating expenses	A20	(258,467)	(259,820)	(522,628)	(520,555)
Operating profit		378,711	452,532	808,014	926,666
(Allowance)/Writeback of allowance for impairment on loans and advances	A21	30,810	(59,397)	40,411	(78,878)
(Provision)/Writeback of provision for commitments and contingencies		12,513	(11,530)	34,804	(29,150)
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		200	3,725	2,843	3,736
Financial investments	A22	(81)	8,129	(177)	8,699
Foreclosed properties		(44)	(28,206)	(10,068)	(28,274)
Property and equipment		1,350	-	1,350	-
Profit before taxation		423,459	365,253	877,177	802,799
Taxation		(113,791)	(84,753)	(228,786)	(196,597)
Profit for the period		309,668	280,500	648,391	606,202
Attributable to:					
Equity holder of the Bank		309,672	280,499	648,372	606,201
Non-controlling interests		(4)	1	19	1
Profit for the period		309,668	280,500	648,391	606,202
Earnings per share (sen)	A23				
Basic/ Diluted		37.75	34.19	79.03	73.89

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Group				
Profit for the period	309,668	280,500	648,391	606,202
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	(8,510)	6,650	(4,819)	6,382
Gain on financial investments available-for-sale	5,963	7,656	4,901	23,113
Net movement on cash flow hedge	4,149	(57,672)	(9,025)	(66,005)
Income tax relating to the components of other comprehensive income/(loss)	(2,488)	12,399	1,156	10,099
Other comprehensive loss for the period, net of tax	(886)	(30,967)	(7,787)	(26,411)
Total comprehensive income for the period	308,782	249,533	640,604	579,791
Attributable to:				
Equity holder of the Bank	308,786	249,532	640,585	579,790
Non-controlling interests	(4)	1	19	1
	308,782	249,533	640,604	579,791

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
		RM'000	RM'000	RM'000	RM'000
The Bank					
Operating revenue		1,215,845	1,412,503	2,462,235	2,699,755
Interest income	A16	1,088,664	1,080,661	2,142,549	2,120,190
Interest expense	A17	(578,924)	(575,053)	(1,134,543)	(1,130,945)
Net interest income		509,740	505,608	1,008,006	989,245
Other operating income	A19	127,181	331,842	319,686	579,565
Net income		636,921	837,450	1,327,692	1,568,810
Other operating expenses	A20	(258,280)	(259,452)	(522,221)	(520,024)
Operating profit		378,641	577,998	805,471	1,048,786
(Allowance)/Writeback of allowance for impairment on loans and advances	A21	30,101	(62,276)	39,502	(82,378)
(Provision)/Writeback of provision for commitments and contingencies		12,533	(11,530)	34,824	(29,149)
Impairment (loss)/writeback on:					
Associates		-	-	-	(15)
Doubtful sundry receivables, net		200	3,725	2,843	3,736
Financial investments	A22	(81)	8,109	(761)	8,654
Foreclosed properties		(44)	(28,206)	(10,068)	(28,274)
Property and equipment		1,350	-	1,350	-
Profit before taxation		422,700	487,820	873,161	921,360
Taxation		(113,855)	(89,392)	(228,560)	(200,441)
Profit for the period		308,845	398,428	644,601	720,919
Earnings per share (sen)	A23				
Basic/ Diluted		37.65	48.57	78.57	87.88

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012 (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Bank				
Profit for the period	308,845	398,428	644,601	720,919
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	(6,693)	2,203	(4,654)	2,174
Gain on financial investments available-for-sale	7,158	11,623	6,129	28,791
Net movement on cash flow hedge	4,149	(57,672)	(9,025)	(66,005)
Income tax relating to the components of other comprehensive income/(loss)	(2,785)	11,423	851	8,695
Other comprehensive income/(loss) for the period, net of tax	1,829	(32,423)	(6,699)	(26,345)
Total comprehensive income for the period	310,674	366,005	637,902	694,574

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to equity holder of the Bank				Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable			
The Group	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000		
At 1 April 2011						
As previously stated	670,364	942,844	773,803	2,729,847	46	5,116,904
Effect of change in accounting policy (Note A34)	-	-	-	(92,234)	-	(92,234)
As restated	670,364	942,844	773,803	2,637,613	46	5,024,670
Profit for the period	-	-	-	606,201	1	606,202
Other comprehensive loss	-	-	(26,411)	-	-	(26,411)
Total comprehensive income	-	-	(26,411)	606,201	1	579,791
Conversion of INCPS	150,000	-	-	-	-	150,000
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(3,086)	-	(3,086)
Dividend on ordinary shares : - final, financial year ended 31 March 2011	-	-	-	(248,034)	-	(248,034)
At 30 September 2011	820,364	942,844	747,392	2,992,694	47	5,503,341

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to equity holder of the Bank				Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable			
The Group	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000		
At 1 April 2012						
As previously stated	820,364	942,844	1,034,619	3,273,377	46	6,071,250
Effect of change in accounting policy (Note A34)	-	-	10	(99,819)	-	(99,809)
As restated	820,364	942,844	1,034,629	3,173,558	46	5,971,441
Profit for the period	-	-	-	648,372	19	648,391
Other comprehensive loss	-	-	(7,787)	-	-	(7,787)
Total comprehensive income	-	-	(7,787)	648,372	19	640,604
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(8,198)	-	(8,198)
Dividend on ordinary shares : - final, financial year ended 31 March 2012	-	-	-	(657,522)	-	(657,522)
At 30 September 2012	820,364	942,844	1,026,842	3,156,210	65	5,946,325

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to equity holder of the Bank				Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Distributable		
The Bank						
At 1 April 2011						
As previously stated	670,364	942,844	728,045	2,615,588	4,956,841	
Effect of change in accounting policy (Note A34)	-	-	-	(96,976)	(96,976)	
As restated	670,364	942,844	728,045	2,518,612	4,859,865	
Profit for the period	-	-	-	720,919	720,919	
Other comprehensive loss	-	-	(26,345)	-	(26,345)	
Total comprehensive income	-	-	(26,345)	720,919	694,574	
Conversion of INCPS	150,000	-	-	-	150,000	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(3,065)	(3,065)	
Dividend on ordinary shares : - final, financial year ended 31 March 2011	-	-	-	(248,034)	(248,034)	
At 30 September 2011	820,364	942,844	701,700	2,988,432	5,453,340	

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to equity holder of the Bank				Retained earnings RM'000	Total equity RM'000
	Non-distributable		Distributable			
The Bank	Share capital RM'000	Share premium RM'000	Other reserves RM'000			
At 1 April 2012						
As previously stated	820,364	942,844	992,471	3,265,739		6,021,418
Effect of change in accounting policy (Note A34)	-	-	-	(103,131)		(103,131)
As restated	820,364	942,844	992,471	3,162,608		5,918,287
Profit for the period	-	-	-	644,601		644,601
Other comprehensive loss	-	-	(6,699)	-		(6,699)
Total comprehensive income	-	-	(6,699)	644,601		637,902
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(8,168)		(8,168)
Dividend on ordinary shares : - final, financial year ended 31 March 2012	-	-	-	(657,522)		(657,522)
At 30 September 2012	820,364	942,844	985,772	3,141,519		5,890,499

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	The Group		The Bank	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	877,177	802,799	873,161	921,360
Adjustments for non-operating and non-cash items	149,283	335,555	147,645	206,024
Operating profit before working capital changes	1,026,460	1,138,354	1,020,806	1,127,384
Changes in working capital:				
Net change in operating assets	(2,560,573)	(3,271,028)	(2,613,848)	(3,387,028)
Net change in operating liabilities	4,891,376	(1,163,621)	5,285,580	(1,080,631)
Tax paid	(173,718)	(224,228)	(173,011)	(223,017)
Net cash generated from/(used in) operating activities	3,183,545	(3,520,523)	3,519,527	(3,563,292)
Net cash (used in)/generated from investing activities	(1,111,796)	1,573,922	(1,093,380)	1,721,050
Net cash used in financing activities	(657,522)	(248,035)	(657,522)	(248,035)
Net increase/ decrease in cash and cash equivalents	1,414,227	(2,194,636)	1,768,625	(2,090,277)
Cash and cash equivalents at beginning of financial year	5,453,638	8,740,986	5,133,039	8,375,879
Cash and cash equivalents at end of financial period	6,867,865	6,546,350	6,901,664	6,285,602

For purposes of Statements of Cash Flows, Cash and cash equivalents comprise cash and bank balances and deposit placements maturing within one month ("Cash and short-term funds").

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

Changes in accounting policies and disclosures

1. Transition to Malaysian Financial Reporting Standards (“MFRS”) Framework

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). These condensed consolidated interim financial statements also comply with IAS 34, Interim Financial Statements issued by the International Accounting Standards Board (“IASB”).

Since the previous annual audited financial statements for the year ended 31 March 2012 (which were prepared under Financial Reporting Standards (“FRS”)) were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the MASB with effect from 1 April 2012.

The MFRS Framework is fully International Financial Reporting Standards (“IFRS”) compliant and the key differences between FRSs and MFRSs are that in the former; (a) FRS 201₂₀₀₄ Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15; and (b) there is no equivalent standard to MFRS 141.

As these condensed consolidated interim financial statements form part of the period covered by the Group’s first annual financial statements prepared under the MFRS framework, the Group has applied MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in its transition to the MFRS framework.

In preparing its opening MFRS statements of financial position as at 1 April 2011, the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS to reflect the financial effects from adoption of the MFRS framework.

The adoption of the MFRS framework also resulted in a change in the accounting for collective assessment.

Up until the financial year ended 31 March 2012, the Group’s collective assessment allowance for loans and advances was determined based on the transitional provision prescribed in Bank Negara Malaysia’s (“BNM”) Guidelines on Classification and Impairment Provisions for Loans/ Financing (“the Guidelines”), modified to reflect the Group’s historical loss experience.

This transitional provision has since been removed so as to align to the requirements of MFRS 139, Financial Instruments: Recognition and Measurement.

Under MFRS 139, loans and advances which are not individually significant are collectively assessed using the incurred loss approach. If it is determined that no objective evidence of impairment exists for an individually assessed loan or advance, the loan or advance is also included in the group of loans and advances with similar credit risk characteristics for collective impairment assessment. The future cash flows of each group of loans and advances with similar credit risk characteristics are estimated on the basis of historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans and advances.

This change in accounting policy has been applied retrospectively in accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial effects on the Group’s financial position and financial performance on adoption of the MFRS framework are set out in Note A34. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A1. BASIS OF PREPARATION (CONTD.)

Changes in accounting policies and disclosures (Contd.)

2. New and amended standards and interpretations

(a) Standards effective for financial year ending 31 March 2013

The accounting policies adopted are consistent with those of the previous financial year, except as disclosed above and the following new and amended MFRSs and Interpretation Committee ("IC") Interpretations which became effective for the Group from 1 April 2012:

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- MFRS 124, Related Party Disclosures
- Amendments to MFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to MFRS 7, Disclosures – Transfers of Financial Assets
- Amendments to MFRS 112, Deferred Tax: Recovery of Underlying Assets

The adoption of these new and amended MFRSs and IC Interpretations did not have any significant impact on the financial position or performance of the Group.

(b) Standards issued but not yet effective

The following are MFRSs and IC Interpretations issued by MASB that will be effective for the Group in future years. The Group intends to adopt those standards when they become effective.

(i) Standards effective for financial year ending 31 March 2014:

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (as amended in November 2011)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27, Consolidated and Separate Financial Statements revised by IASB in December 2003)
- MFRS 127, Separate Financial Statements (as amended in November 2011)
- MFRS 128, Investments in Associates and Joint Ventures (as amended in November 2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled "Annual Improvement 2009-2011 Cycle"

(ii) Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities

(iii) Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2012 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not subject to seasonal or cyclical fluctuation in the current financial quarter and period.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter and period.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 September 2012 other than as disclosed in Note A34 Changes in accounting policies and comparatives.

A6. ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter and period.

There were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

A7. DIVIDENDS

During the financial quarter, the final single-tier cash dividend of approximately 80.15 sen per ordinary share on 820,363,762 ordinary shares amounting to RM657,521,556 in respect of the financial year ended 31 March 2012 was paid on 14 August 2012.

In respect of the current financial year, the Board of Directors recommend an interim single-tier cash dividend of 26.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM213,294,578.

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A8. FINANCIAL ASSETS HELD-FOR-TRADING

	The Group and The Bank	
	30 September	31 March
	2012	2012
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Treasury bills	19,879	54,784
Malaysian Government Securities	826,737	929,544
Malaysian Government Investment Issues	597,870	223,512
Bank Negara Monetary Notes	2,796,851	5,049,904
	<u>4,241,337</u>	<u>6,257,744</u>
Quoted Securities:		
<i>In Malaysia:</i>		
Shares	152,196	247,555
Unit Trusts	37,604	65,033
Warrants	3,499	2,864
<i>Outside Malaysia</i>		
Shares	12,843	-
	<u>206,142</u>	<u>315,452</u>
Unquoted Securities:		
<i>In Malaysia:</i>		
Private debt securities	3,666,765	2,337,747
<i>Outside Malaysia</i>		
Private debt securities	111,038	-
	<u>111,038</u>	<u>-</u>
Total financial assets held-for-trading	<u>8,225,282</u>	<u>8,910,943</u>

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A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
At Fair Value				
Money Market Instruments:				
Negotiable instruments of deposit	1,554,904	1,569,355	1,554,904	1,569,355
Malaysian Government Securities	-	20,782	-	20,782
Islamic negotiable instruments of deposit	838,945	823,480	838,945	823,480
Malaysian Government Investment Issues	15,201	45,425	15,201	45,425
	<u>2,409,050</u>	<u>2,459,042</u>	<u>2,409,050</u>	<u>2,459,042</u>
Quoted Securities:				
<i>In Malaysia:</i>				
Shares	10,373	11,990	10,240	11,858
Unit Trusts	74,606	60,160	74,606	60,160
Private debt securities	8,965	27,050	8,965	27,050
	<u>93,944</u>	<u>99,200</u>	<u>93,811</u>	<u>99,068</u>
<i>Outside Malaysia:</i>				
Shares	54	83	17	41
	<u>54</u>	<u>83</u>	<u>17</u>	<u>41</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	1,786,262	1,770,831	1,959,345	1,963,117
	<u>1,786,262</u>	<u>1,770,831</u>	<u>1,959,345</u>	<u>1,963,117</u>
<i>Outside Malaysia:</i>				
Private debt securities	14,554	23,294	14,554	23,294
	<u>14,554</u>	<u>23,294</u>	<u>14,554</u>	<u>23,294</u>
At Cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,330	87,330	87,330	87,330
	<u>87,330</u>	<u>87,330</u>	<u>87,330</u>	<u>87,330</u>
<i>Outside Malaysia:</i>				
Shares	1,015	941	156	80
	<u>1,015</u>	<u>941</u>	<u>156</u>	<u>80</u>
Total financial investments available-for-sale	<u>4,392,209</u>	<u>4,440,721</u>	<u>4,564,263</u>	<u>4,631,972</u>

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A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
At Amortised Cost				
<u>Unquoted</u>				
<i>In Malaysia:</i>				
Private debt securities	1,526,117	318,210	1,524,502	313,768
Less: Accumulated impairment losses	(200,230)	(202,055)	(199,011)	(200,267)
Total financial investments held-to-maturity	<u>1,325,887</u>	<u>116,155</u>	<u>1,325,491</u>	<u>113,501</u>

A11. LOANS AND ADVANCES

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 (Restated) RM'000	30 September 2012 RM'000	31 March 2012 (Restated) RM'000
At Amortised Cost:				
Overdraft	2,415,101	2,297,029	2,415,101	2,297,029
Term loans	19,189,813	17,558,672	19,188,169	17,557,035
Housing loan receivables	12,054,053	11,868,932	11,785,821	11,583,554
Hire-purchase receivables	16,394,851	16,851,911	16,394,851	16,851,911
Bills receivables	511,809	326,656	511,809	326,656
Trust receipts	957,290	792,784	957,290	792,784
Claims on customers under acceptance credits	2,514,593	2,442,453	2,514,593	2,442,453
Staff loans	143,063	147,894	142,633	147,446
Card receivables	1,429,965	1,446,318	1,429,965	1,446,318
Revolving credits	4,208,140	4,326,943	4,262,793	4,376,193
Others	160,154	130,844	160,154	130,844
Gross loans and advances	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>
Allowance for impaired loans and advances:				
– Collective allowance	(1,555,406)	(1,584,690)	(1,555,065)	(1,584,814)
– Individual allowance	(162,580)	(114,474)	(162,580)	(114,474)
Net loans and advances	<u>58,260,846</u>	<u>56,491,272</u>	<u>58,045,534</u>	<u>56,252,935</u>

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A11. LOANS AND ADVANCES (CONTD.)

(a) Gross loans and advances analysed by type of customers are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Domestic non-bank financial institutions	2,318,879	2,384,610	2,397,623	2,464,527
Domestic business enterprises				
– Small medium enterprises	7,133,760	6,721,159	7,133,760	6,721,159
– Others	19,438,405	18,030,268	19,436,762	18,028,631
Government and statutory bodies	-	3,032	-	3,032
Individuals	30,634,350	30,514,820	30,365,689	30,228,993
Other domestic entities	14,732	12,715	14,732	12,715
Foreign entities	438,706	523,832	414,613	493,166
	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>

(b) Gross loans and advances analysed by geographical distribution are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
In Malaysia	59,152,666	57,426,097	58,961,105	57,218,550
Outside Malaysia	826,166	764,339	802,074	733,673
	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Fixed rate				
– Housing loans	1,822,311	1,833,433	1,553,729	1,547,694
– Hire-purchase receivables	14,536,476	14,959,579	14,536,396	14,959,491
– Other fixed rate loans	5,503,767	5,388,739	5,503,767	5,388,739
Variable rate				
– Base lending rate plus	22,444,708	22,061,917	22,444,708	22,061,917
– Cost plus	13,098,000	11,730,762	13,152,653	11,780,014
– Other variable rates	2,573,570	2,216,006	2,571,926	2,214,368
	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>

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A11. LOANS AND ADVANCES (CONTD.)

(d) Gross loans and advances analysed by sector are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Agriculture	2,422,894	2,100,167	2,422,894	2,100,167
Mining and quarrying	1,867,981	1,466,216	1,867,981	1,466,216
Manufacturing	5,493,874	5,363,907	5,492,230	5,362,270
Electricity, gas and water	783,900	1,413,859	783,900	1,413,859
Construction	2,424,311	2,015,392	2,424,311	2,015,392
Wholesale, retail trade, restaurant and hotel	4,199,737	3,795,913	4,199,737	3,795,913
Transport, storage and communication	2,163,992	1,939,008	2,163,992	1,939,008
Finance and insurance	2,318,878	2,415,276	2,397,623	2,464,527
Real estate	4,887,341	4,425,647	4,887,341	4,425,647
Business activities	1,463,679	1,251,729	1,439,587	1,251,729
Education and health	1,138,642	1,374,018	1,138,642	1,374,018
Household of which:	30,680,809	30,546,783	30,412,147	30,260,956
- Purchase of residential properties	12,119,489	12,273,015	11,850,907	11,987,276
- Purchase of transport vehicles	14,969,815	15,014,404	14,969,735	15,014,316
- Others	3,591,505	3,259,364	3,591,505	3,259,364
Others	132,794	82,521	132,794	82,521
	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>

(e) Gross loans and advances analysed by residual contractual maturity are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Maturing within one year	13,616,083	10,869,709	13,669,092	10,915,860
Over one year to three years	7,448,986	8,937,606	7,435,037	8,924,201
Over three years to five years	9,050,176	8,115,921	9,032,455	8,096,586
Over five years	29,863,587	30,267,200	29,626,595	30,015,576
	<u>59,978,832</u>	<u>58,190,436</u>	<u>59,763,179</u>	<u>57,952,223</u>

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A11. LOANS AND ADVANCES (CONTD.)

(f) Movements in impaired loans and advances are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	1,663,897	2,123,247	1,663,202	2,122,976
Impaired during the year/period	593,757	1,430,503	593,104	1,429,951
Reclassification as non-impaired	(218,565)	(253,979)	(218,305)	(253,867)
Amount recovered	(276,430)	(557,407)	(276,410)	(557,391)
Amount written off	(206,518)	(1,078,467)	(206,518)	(1,078,467)
Balance at end of financial year/period	<u>1,556,141</u>	<u>1,663,897</u>	<u>1,555,073</u>	<u>1,663,202</u>
Impaired loans and advances as % of total gross loans and advances	<u>2.6%</u>	<u>2.9%</u>	<u>2.6%</u>	<u>2.9%</u>
Loan loss coverage (excluding collateral values)	<u>110.4%</u>	<u>102.1%</u>	<u>110.5%</u>	<u>102.2%</u>

(g) All impaired loans and advances reside in Malaysia.

(h) Impaired loans and advances analysed by sector are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Agriculture	22,831	23,935	22,831	23,935
Mining and quarrying	154,910	154,677	154,910	154,677
Manufacturing	178,257	184,869	178,257	184,869
Electricity, gas and water	25,822	132,130	25,822	132,130
Construction	85,269	94,839	85,269	94,839
Wholesale, retail trade, restaurant and hotel	48,515	42,430	48,515	42,430
Transport, storage and communication	4,494	4,089	4,494	4,089
Finance and insurance	32,701	37,628	32,701	37,628
Real estate	12,845	26,200	12,845	26,200
Business activities	13,420	12,369	13,420	12,369
Education and health	48,124	44,805	48,124	44,805
Household of which:	917,426	895,513	916,358	894,818
- Purchase of residential properties	547,525	537,997	546,457	537,302
- Purchase of transport vehicles	291,053	277,835	291,053	277,835
- Others	78,848	79,681	78,848	79,681
Others	11,527	10,413	11,527	10,413
	<u>1,556,141</u>	<u>1,663,897</u>	<u>1,555,073</u>	<u>1,663,202</u>

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A11. LOANS AND ADVANCES (CONTD.)

(i) Movements in allowances for impaired loans and advances are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Collective allowance				
Balance at beginning of financial year				
- as previously stated	1,538,765	1,647,390	1,534,602	1,641,832
- effect of change in accounting policy	45,925	45,925	50,212	101,363
As restated	<u>1,584,690</u>	<u>1,693,315</u>	<u>1,584,814</u>	<u>1,743,195</u>
Charge to income statement, net	162,962	413,104	162,495	363,352
Amount written-off	(192,153)	(521,758)	(192,153)	(521,758)
Exchange differences	(93)	29	(91)	25
Balance at end of financial year/period	<u>1,555,406</u>	<u>1,584,690</u>	<u>1,555,065</u>	<u>1,584,814</u>
As % of gross loans and advances less individual allowance	<u>2.6%</u>	<u>2.7%</u>	<u>2.6%</u>	<u>2.7%</u>
Individual allowance				
Balance at beginning of financial year	114,474	341,071	114,474	341,071
Charge to income statement, net	62,499	318,945	62,499	318,945
Amount written-off	(14,393)	(545,542)	(14,393)	(545,542)
Balance at end of financial year/period	<u>162,580</u>	<u>114,474</u>	<u>162,580</u>	<u>114,474</u>

A12. OTHER ASSETS

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 (Restated) RM'000	30 September 2012 RM'000	31 March 2012 (Restated) RM'000
Other receivables, deposits and prepayments, net	595,719	540,239	590,570	534,562
Interest receivable, net	181,517	141,534	181,595	141,577
Amount due from originators	201,621	166,238	201,621	166,238
Foreclosed properties, net	72,036	82,607	72,036	82,607
Deferred charges	139,526	148,142	139,526	148,142
	<u>1,190,419</u>	<u>1,078,760</u>	<u>1,185,348</u>	<u>1,073,126</u>

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A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Deposits from:				
Licensed banks	2,060,575	2,274,787	2,213,628	2,842,893
Licensed investment banks	1,252,397	1,010,301	1,252,397	1,010,301
Other financial Institutions	690,912	669,924	682,988	661,769
Bank Negara Malaysia ("BNM")	754,556	178,204	754,556	178,204
	<u>4,758,440</u>	<u>4,133,216</u>	<u>4,903,569</u>	<u>4,693,167</u>

A14. DEPOSIT FROM CUSTOMERS

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Demand deposits	6,287,880	5,509,750	6,291,743	5,510,986
Savings deposits	3,201,142	3,209,941	3,201,142	3,209,941
Term/Investment deposits	53,283,717	49,957,766	53,228,235	49,092,969
Negotiable instruments of deposits	218,797	517,440	218,797	517,440
	<u>62,991,536</u>	<u>59,194,897</u>	<u>62,939,917</u>	<u>58,331,336</u>

(i) The deposits are sourced from the following types of customers:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Government and other statutory bodies	5,255,124	5,314,300	5,255,124	5,314,300
Business enterprises	29,889,905	26,093,477	29,838,645	25,229,954
Individuals	26,892,997	26,704,710	26,892,667	26,704,710
Others	953,510	1,082,410	953,481	1,082,372
	<u>62,991,536</u>	<u>59,194,897</u>	<u>62,939,917</u>	<u>58,331,336</u>

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Due within six months	41,619,187	38,319,049	41,563,705	37,454,252
Over six months to one year	8,573,119	8,795,115	8,573,119	8,795,115
Over one year to three years	2,616,640	2,322,715	2,616,640	2,322,715
Over three years to five years	693,568	1,038,327	693,568	1,038,327
	<u>53,502,514</u>	<u>50,475,206</u>	<u>53,447,032</u>	<u>49,610,409</u>

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A15. OTHER LIABILITIES

	The Group		The Bank	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	1,496,343	1,384,452	1,484,566	1,375,836
Interest payable	547,921	513,655	547,940	513,594
Lease deposits and advance rentals	24,918	31,506	24,918	31,506
Provision for commitments and contingencies	181,979	216,837	181,958	216,835
Provision for taxation	84,695	2,760	83,824	917
	<u>2,335,856</u>	<u>2,149,210</u>	<u>2,323,206</u>	<u>2,138,688</u>

A16. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
The Group				
Short-term funds and deposits with financial institutions	64,154	73,236	110,628	160,542
Financial assets held-for-trading	57,523	65,187	115,673	92,781
Financial investments available-for-sale	46,828	41,804	96,086	96,037
Financial investments held-to-maturity	18,432	1,057	19,995	3,347
Loans and advances (excluding impaired)	898,890	895,762	1,793,679	1,761,423
Impaired loans and advances	1,087	2,329	3,455	5,699
Others	3,699	2,366	7,066	4,174
	<u>1,090,613</u>	<u>1,081,741</u>	<u>2,146,582</u>	<u>2,124,003</u>
The Bank				
Short-term funds and deposits with financial institutions	64,083	72,967	110,428	159,926
Financial assets held-for-trading	57,523	65,187	115,673	92,781
Financial investments available-for-sale	49,140	44,637	100,806	101,813
Financial investments held-to-maturity	18,431	977	19,953	3,147
Loans and advances (excluding impaired)	894,701	892,198	1,785,168	1,752,650
Impaired loans and advances	1,087	2,329	3,455	5,699
Others	3,699	2,366	7,066	4,174
	<u>1,088,664</u>	<u>1,080,661</u>	<u>2,142,549</u>	<u>2,120,190</u>

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A17. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Group				
Deposits from customers	453,302	439,541	883,137	857,712
Deposits and placements of banks and other financial institutions	16,601	29,538	33,484	53,064
Recourse obligation of loans sold to Cagamas Berhad	10,281	10,683	20,449	21,262
Term funding	42,757	42,196	85,414	83,137
Debt capital	48,831	51,661	97,156	107,336
Others	6,915	821	14,664	7,488
	<u>578,687</u>	<u>574,440</u>	<u>1,134,304</u>	<u>1,129,999</u>
The Bank				
Deposits from customers	453,112	439,051	882,418	856,539
Deposits and placements of banks and other financial institutions	17,026	30,618	34,445	55,164
Recourse obligation of loans sold to Cagamas Berhad	10,281	10,683	20,449	21,262
Term funding	42,757	42,196	85,414	83,137
Debt capital	48,826	51,650	97,151	107,325
Others	6,922	855	14,666	7,518
	<u>578,924</u>	<u>575,053</u>	<u>1,134,543</u>	<u>1,130,945</u>

A18. NET INCOME FROM ISLAMIC BANKING BUSINESS

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Group				
Income derived from investment of depositors' funds and others	10	15	21	22
Income derived from investment of shareholder's funds	(37)	78	4	126
Income attributable to the depositors	(8)	(11)	(16)	(16)
	<u>(35)</u>	<u>82</u>	<u>9</u>	<u>132</u>

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A19. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Group				
Fee and commission income:				
Bancassurance commission	8,847	7,535	17,323	14,186
Brokerage fees, commission and rebates	449	377	891	785
Corporate advisory	-	24	-	24
Fees on loans, advances and securities	50,571	44,671	107,969	98,103
Guarantee fees	8,985	10,539	18,074	23,056
Underwriting fees	-	-	-	37
Other fee income	13,688	16,422	26,638	33,200
	<u>82,540</u>	<u>79,568</u>	<u>170,895</u>	<u>169,391</u>
Investment and trading income:				
Foreign exchange ¹	31,291	25,376	48,476	49,200
Gross dividend income from:				
Associates	-	-	1,160	-
Financial assets held-for-trading	1,310	4,968	4,678	7,548
Financial investments available-for-sale	28	16	3,934	5,003
Gain on sale/redemption of:				
Financial assets held-for-trading	6,775	43,379	17,944	78,135
Financial investments available-for-sale	13,190	9,543	24,255	76,929
Financial investments held-to-maturity	4,022	4,008	35,293	8,972
Gain on derivatives:				
- fair value hedge ²	-	(388)	-	623
- others	14,063	78,850	42,311	84,930
Loss on revaluation of financial assets held-for-trading	(28,437)	(41,215)	(33,868)	(20,618)
Others	(916)	(6,537)	(2,291)	(17,938)
	<u>41,326</u>	<u>118,000</u>	<u>141,892</u>	<u>272,784</u>
Other income:				
(Loss)/Gain on disposal of property and equipment	(1,262)	86	(1,243)	213
Non trading foreign exchange	(164)	3,468	(126)	3,678
Rental income	1,154	884	2,106	1,749
Others	1,604	2,908	4,629	5,103
	<u>1,332</u>	<u>7,346</u>	<u>5,366</u>	<u>10,743</u>
	<u>125,198</u>	<u>204,914</u>	<u>318,153</u>	<u>452,918</u>

¹ Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

² Arising from changes in fair value of interest rate swaps (hedging instrument) and subordinated term loan and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

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A19. OTHER OPERATING INCOME (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Bank				
Fee and commission income:				
Bancassurance commission	8,847	7,535	17,323	14,186
Brokerage fees, commission and rebates	449	377	891	785
Fees on loans, advances and securities	50,567	44,669	107,941	98,096
Guarantee fees	8,862	10,371	17,829	22,699
Other fee income	13,968	16,736	27,203	33,811
	<u>82,693</u>	<u>79,688</u>	<u>171,187</u>	<u>169,614</u>
Investment and trading income:				
Foreign exchange ¹	31,291	25,376	48,476	49,200
Gross dividend income from:				
Associates	-	-	1,160	-
Financial assets held-for-trading	1,310	4,968	4,678	7,548
Financial investments available-for-sale	28	16	3,934	5,003
Subsidiaries	2,070	130,407	2,070	130,407
Gain on sale/redemption of:				
Financial assets held-for-trading	6,775	43,379	17,944	78,135
Financial investments available-for-sale	13,190	9,543	24,255	76,929
Financial investments held-to-maturity	4,022	4,008	35,293	8,972
Gain on derivatives:				
- fair value hedge ²	-	(388)	-	623
- others	14,063	78,850	42,311	84,930
Loss on revaluation of				
financial assets held-for-trading	(28,437)	(41,215)	(33,868)	(20,618)
Others	(916)	(6,537)	(2,291)	(17,938)
	<u>43,396</u>	<u>248,407</u>	<u>143,962</u>	<u>403,191</u>
Other income:				
(Loss)/Gain on disposal of property and equipment	(1,643)	16	(1,624)	143
Non trading foreign exchange	(173)	103	(134)	302
Rental income	818	669	1,691	1,362
Others	2,090	2,959	4,604	4,953
	<u>1,092</u>	<u>3,747</u>	<u>4,537</u>	<u>6,760</u>
	<u>127,181</u>	<u>331,842</u>	<u>319,686</u>	<u>579,565</u>

¹ Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

² Arising from changes in fair value of interest rate swaps (hedging instrument) and subordinated term loan and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

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A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Group				
Personnel costs:				
Salaries, allowances and bonuses	157,306	156,460	320,373	316,738
Shares and options granted under ESS	12,747	11,541	15,504	12,728
Others	46,569	43,713	88,267	86,234
	<u>216,622</u>	<u>211,714</u>	<u>424,144</u>	<u>415,700</u>
Establishment costs:				
Amortisation of intangible assets	11,057	9,441	21,917	18,055
Cleaning, maintenance and security	5,647	6,241	11,859	11,986
Computerisation cost	37,716	29,489	77,601	58,061
Depreciation of property and equipment	10,540	11,155	20,846	22,353
Rental	17,675	16,898	35,155	33,243
Others	6,852	5,452	13,683	12,009
	<u>89,487</u>	<u>78,676</u>	<u>181,061</u>	<u>155,707</u>
Marketing and communication expenses:				
Advertising and marketing	4,416	6,776	12,474	13,287
Commission	204	567	522	841
Communication	9,682	11,492	20,799	20,720
Others	2,791	2,611	5,049	4,963
	<u>17,093</u>	<u>21,446</u>	<u>38,844</u>	<u>39,811</u>
Administration and general expenses:				
Professional services	15,694	14,478	32,983	30,152
Others	8,337	5,454	17,875	12,312
	<u>24,031</u>	<u>19,932</u>	<u>50,858</u>	<u>42,464</u>
Service transfer pricing recovery - net	(84,054)	(71,948)	(163,484)	(133,127)
Expenses capitalised	(4,712)	-	(8,795)	-
	<u>258,467</u>	<u>259,820</u>	<u>522,628</u>	<u>520,555</u>

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A20. OTHER OPERATING EXPENSES (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
The Bank				
Personnel costs:				
Salaries, allowances and bonuses	156,967	156,080	319,653	315,959
Shares and options granted under ESS	12,721	11,513	15,471	12,682
Others	46,480	43,603	88,092	86,041
	<u>216,168</u>	<u>211,196</u>	<u>423,216</u>	<u>414,682</u>
Establishment costs:				
Amortisation of intangible assets	11,056	9,442	21,915	18,054
Cleaning, maintenance and security	5,400	6,012	11,471	11,637
Computerisation cost	37,713	29,486	77,596	58,096
Depreciation of property and equipment	10,412	11,029	20,590	22,096
Rental	18,148	17,284	36,077	34,093
Others	6,638	5,272	13,278	11,635
	<u>89,367</u>	<u>78,525</u>	<u>180,927</u>	<u>155,611</u>
Marketing and communication expenses:				
Advertising and marketing	4,416	6,776	12,474	13,287
Commission	204	567	522	841
Communication	9,670	11,479	20,774	20,695
Others	2,789	2,610	5,043	4,957
	<u>17,079</u>	<u>21,432</u>	<u>38,813</u>	<u>39,780</u>
Administration and general expenses:				
Professional services	15,676	14,464	32,943	30,114
Others	8,231	5,339	17,667	12,090
	<u>23,907</u>	<u>19,803</u>	<u>50,610</u>	<u>42,204</u>
Service transfer pricing recovery - net	(83,529)	(71,504)	(162,550)	(132,253)
Expenses capitalised	(4,712)	-	(8,795)	-
	<u>258,280</u>	<u>259,452</u>	<u>522,221</u>	<u>520,024</u>

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A21. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance for impaired loans and advances:				
Individual allowance	49,489	157,671	62,499	153,335
Collective allowance	42,070	45,672	162,962	181,892
Impaired loans and advances recovered, net	(122,369)	(143,946)	(265,872)	(256,349)
	<u>(30,810)</u>	<u>59,397</u>	<u>(40,411)</u>	<u>78,878</u>
The Bank				
Allowance for impaired loans and advances:				
Individual allowance	49,489	157,671	62,499	153,335
Collective allowance	41,557	45,723	162,495	182,564
Impaired loans and advances recovered, net	(121,147)	(141,118)	(264,496)	(253,521)
	<u>(30,101)</u>	<u>62,276</u>	<u>(39,502)</u>	<u>82,378</u>

A22. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
The Group				
Financial investments available-for-sale	(7,958)	(3,823)	(6,704)	(4,225)
Financial investments held-to-maturity	8,039	(4,306)	6,881	(4,474)
	<u>81</u>	<u>(8,129)</u>	<u>177</u>	<u>(8,699)</u>
The Bank				
Financial investments available-for-sale	(7,958)	(3,776)	(6,704)	(4,155)
Financial investments held-to-maturity	8,039	(4,333)	7,465	(4,499)
	<u>81</u>	<u>(8,109)</u>	<u>761</u>	<u>(8,654)</u>

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A23. EARNINGS PER SHARE ("EPS")

Basic/ Diluted

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding during the financial quarter.

Diluted earnings per share amounts are calculated by dividing adjusted net profit for the period attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding and issuable during the financial quarter.

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
The Group				
Net profit attributable to shareholder of the Bank (RM'000)	309,672	280,499	648,372	606,201
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/diluted earnings per share (sen)	<u>37.75</u>	<u>34.19</u>	<u>79.03</u>	<u>73.89</u>
The Bank				
Net profit attributable to shareholder of the Bank (RM'000)	308,845	398,428	644,601	720,919
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/diluted earnings per share (sen)	<u>37.65</u>	<u>48.57</u>	<u>78.57</u>	<u>87.88</u>

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A24. BUSINESS SEGMENT ANALYSIS

Group Financial quarter ended 30 September 2012	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Total operating revenue	1,066,580	297,752	621,381	143,019	336,028	2,464,760
Income	660,783	232,101	206,098	130,503	101,157	1,330,642
Other operating expenses	(277,119)	(37,898)	(27,297)	(37,059)	(143,255)	(522,628)
Profit before provision	383,664	194,203	178,801	93,444	(42,098)	808,014
Provision	(23,995)	32,699	33,601	9,024	17,834	69,163
Profit before taxation	359,669	226,902	212,402	102,468	(24,264)	877,177
Taxation	(88,908)	(56,409)	(48,882)	(25,503)	(9,084)	(228,786)
Profit for the period	270,761	170,493	163,520	76,965	(33,348)	648,391

Other information

Cost to income ratio	41.9%	16.3%	13.2%	28.4%	141.6%	39.3%
Gross loans and advances	33,746,470	12,454,091	13,503,119	-	275,152	59,978,832
Net loans and advances	33,009,486	12,204,190	13,375,582	-	(328,412)	58,260,846
Impaired loans and advances	1,031,929	265,871	-	-	258,341	1,556,141
Deposits	29,196,556	5,756,137	28,828,904	(117,667)	4,086,046	67,749,976

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A24. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group Financial quarter ended 30 September 2011	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total (Restated) RM'000
Total operating revenue	1,088,096	284,983	554,754	258,583	390,653	2,577,069
Income	676,362	219,869	157,943	243,757	149,290	1,447,221
Other operating expenses	(290,838)	(42,398)	(25,475)	(33,768)	(128,076)	(520,555)
Profit before provision	385,524	177,471	132,468	209,989	21,214	926,666
Provision	(109,034)	(95,502)	(830)	5,026	76,473	(123,867)
Profit before taxation	276,490	81,969	131,638	215,015	97,687	802,799
Taxation	(69,177)	(19,808)	(28,120)	(53,622)	(25,870)	(196,597)
Profit for the period	207,313	62,161	103,518	161,393	71,817	606,202

Other information

Cost to income ratio	43.0%	19.3%	16.1%	13.9%	85.8%	36.0%
Gross loans and advances	34,391,443	11,363,384	11,784,800	-	565,210	58,104,837
Net loans and advances	33,645,435	11,057,568	11,664,509	-	74,977	56,442,489
Impaired loans and advances	1,012,623	363,806	-	-	443,844	1,820,273
Deposits	29,433,743	5,530,216	25,661,190	213,354	2,193,696	63,032,199

Note:

- The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- Certain comparative figures have been restated due to changes in accounting policies as mentioned in Note A34 and to conform with current period's presentation.

A25. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2012

The Group registered a profit before taxation (“pre-tax profit”) of RM877.2 million representing a 9.3% increase compared to the pre-tax profit for the corresponding period last year.

For the current period, net interest income increased by RM18.3 million or 1.8%, allowance for impairment on loans and advances and provision for commitments and contingencies decreased by RM119.3 million or 151.2% and RM64.0 million or 219.4% respectively and impairment loss was lower for foreclosed properties. These were offset by lower other operating income, impairment loss on financial investments (impairment writeback was recorded in the previous financial period) and higher operating expenses.

The increase in net interest income was contributed by financial investments and growth in loans and advances. Allowance for impairment on loans and advances decreased mainly due to lower charge for individual allowance. Other operating income decreased due to lower gain on sale/redemption of financial investments, lower gain on derivatives and higher loss on revaluation of financial securities. Operating expenses increased slightly mainly due to business growth.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 14.6% and 14.7% respectively.

In the opinion of the Directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

A26. PROSPECTS FOR FINANCIAL YEAR ENDED 31 MARCH 2013

In the first half of 2012, the Malaysian economy grew 5.1% predominantly driven by robust private and government consumption. Looking ahead, domestic economic growth is expected to moderate with lower household spending. However, business and government spending should provide support for economic activities, together with accommodative policy rates, continued rollout of Entry Point Projects (EPPs) under the Government’s Economic Transformation Programme (ETP) and incentives under Budget 2013.

In the domestic banking front, the new Responsible Lending Guideline and consumer’s wait-and-see approach, especially in response to developments in the Malaysian property and auto industry, have moderated consumer loans growth. In addition, ongoing competition for loans and deposits will continue to impact margins.

While the Group is optimistic about the domestic economic growth prospects, we recognise that there are downside risks in the global economy and will remain vigilant. Over the next three years, we intend to aggressively invest, optimise and leverage connectivity to deliver growth. Our strategic priorities for FY2013 – 2015 will be to accelerate growth and business mix changes, strengthen customer centricity and connectivity, increase productivity and efficiency, and acquire and integrate in-fill acquisitions and strategic tie-ups. This will propel us towards achieving our Vision – As Malaysia’s preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

A27. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A28. EVENTS SUBSEQUENT TO REPORTING DATE

Internal transfer of the 100% equity interest held by AMFB Holdings Berhad in AmBank (M) Berhad to AMMB Holdings Berhad

Upon approval of the Minister of Finance and Bank Negara Malaysia, AMMB Holdings Berhad ("AMMB") has, on 14 September 2012, entered into an agreement with its wholly-owned subsidiary, AMFB Holdings Berhad ("AMFB") to transfer 100% equity interest held by AMFB in the Bank to AMMB (the "Internal Transfer").

The Internal Transfer is a shareholding reorganisation exercise to make the Bank a direct 100% held subsidiary of AMMB in line with AMMB's current direct 100% shareholding in AmIslamic Bank Berhad and AmInvestment Bank Berhad.

The Internal Transfer was completed on 4 October 2012.

Early redemption of RM300.00 million nominal value and issuance of Tranche 8 of RM710.0 million of the Medium Term Notes ("MTN").

On 8 October 2012, the Bank has early redeemed RM300.0 million nominal value of its MTN under Tranche 1, via open market buy-back mechanism. Subsequently, on 10 October 2012, the Bank has cancelled RM300.0 million nominal value of Tranche 1 of the MTN, with original issuance size of RM500.0 million. This tranche of MTN was initially due for redemption at the next step-up date in February 2013.

On 16 October 2012, the Bank issued a new tranche of MTN (Tranche 8), amounting to a total of RM710.0 million for a tenor of 10 years Non-Callable 5 years, bearing interest at 4.45% per annum. The step-up proviso does not apply to the interest rate on the MTN Tranche 8. RM300.0 million of the MTN under Tranche 8 was utilized as a one-to-one replacement for the MTN early redeemed under Tranche 1.

Total MTN in issuance post the completion of these transactions has amounted to RM1,967.8 million.

There has not arisen in the interval between the end of the financial period and the date of this report any other items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group for the current period.

A29. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the financial period ended 30 September 2012.

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A30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The Group	30 September 2012 RM'000	31 March 2012 RM'000
Contingent Liabilities		
Direct credit substitutes	1,346,749	1,608,754
Transaction-related contingent items	3,119,694	3,120,757
Short term self liquidating trade-related contingencies	719,434	615,243
Obligations under underwriting agreements	250,000	265,000
Others	100	100
	<u>5,435,977</u>	<u>5,609,854</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,013,517	13,251,953
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,322,298	4,682,068
Unutilised credit card lines	2,797,099	2,953,565
Forward asset purchase	238,127	360,899
	<u>23,371,041</u>	<u>21,248,485</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,616,129	20,064,852
- Over one year to five years	2,756,294	3,145,654
- Over five years	838,708	58,532
Interest rate related contracts		
- One year or less	11,668,042	14,448,655
- Over one year to five years	19,441,846	18,849,399
- Over five years	8,408,258	8,042,138
Credit related contracts		
- One year or less	266,008	61,290
- Over one year to five years	296,549	549,473
- Over five years	296,032	292,733
Equity related contracts		
- One year or less	426,320	484,281
- Over one year to five years	550,504	362,369
	<u>66,564,690</u>	<u>66,359,376</u>
Total	<u>95,371,708</u>	<u>93,217,715</u>

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A30. COMMITMENTS AND CONTINGENCIES (CONTD.)

The Bank	30 September 2012 RM'000	31 March 2012 RM'000
Contingent Liabilities		
Direct credit substitutes	1,346,749	1,608,754
Transaction-related contingent items	3,119,694	3,120,757
Short term self liquidating trade-related contingencies	717,685	613,825
Obligations under underwriting agreements	250,000	265,000
Others	150	150
	<u>5,434,278</u>	<u>5,608,486</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,056,065	13,292,670
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,322,298	4,682,068
Unutilised credit card lines	2,797,099	2,953,565
Forward asset purchase	238,127	360,899
	<u>23,413,589</u>	<u>21,289,202</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,616,129	20,064,852
- Over one year to five years	2,756,294	3,145,654
- Over five years	838,708	58,532
Interest rate related contracts		
- One year or less	11,668,042	14,448,655
- Over one year to five years	19,441,846	18,849,399
- Over five years	8,408,258	8,042,138
Credit related contracts		
- One year or less	266,008	61,290
- Over one year to five years	296,549	549,473
- Over five years	296,032	292,733
Equity related contracts		
- One year or less	426,320	484,281
- Over one year to five years	550,504	362,369
	<u>66,564,690</u>	<u>66,359,376</u>
Total	<u>95,412,557</u>	<u>93,257,064</u>

The breakdown of commitments and contingencies of the Bank is as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Relating to AmBank (M) Berhad	95,383,004	93,233,992
Relating to AMIL with external parties*	29,553	23,072
	<u>95,412,557</u>	<u>93,257,064</u>

* The Bank has given a continuing guarantee to LFSA to meet all the liabilities and financial obligations of its subsidiary, AmInternational (L) Ltd. ("AMIL").

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focused on interest rate, equity and foreign exchange rate derivatives.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

An Interest Rate Option ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset, for example, the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

The principal equity contracts used are equity option, equity futures and equity swaps. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity Swaps are one of the most basic equity derivatives products and are usually traded over-the-counter (OTC) with financial institutions and corporates. It is a contractual agreement between parties to exchange two stream of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (that is, KLIBOR or LIBOR). The underlying reference for Equity Swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same type of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related and equity-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/ prices. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these type of transactions and do not represent the amounts subject to market risk, Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specific confidence level under normal market condition.

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

For counterparty credit risk, the general approach is to calculate the exposure as the sum of the mark-to-market value of the exposure, plus the sum of the notional principal multiplied by the potential credit risk exposure ("PCRE") factor for the exposure.

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive ("in the money"), the Group has credit exposure against the counterparty; if it is negative ("out of the money"), the value used in calculation is zero.
- The PCRE factors recognize that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and FX options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Liquidity risk of derivatives (Contd.)

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (that is like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral is not posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the statement of comprehensive income. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the statement of comprehensive income. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statement of comprehensive income over the expected life of the hedged item.

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Amounts accumulated in equity are released to the statement of comprehensive income in the periods when the hedged forecast transactions affect the statement of comprehensive income. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

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A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Derivative Financial Instruments and Hedge Accounting (Contd.)

(iii) Net investment hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of its foreign operations. The hedge is accounted for similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the statement of comprehensive income. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the statement of comprehensive income.

A32. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group		The Bank	
	30 September 2012	31 March 2012	30 September 2012	31 March 2012
Before deducting proposed dividends				
Core capital ratio	10.6%	11.2%	10.6%	11.3%
Risk-weighted capital ratio	14.6%	15.4%	14.7%	15.6%
After deducting proposed dividends				
Core capital ratio	10.2%	10.1%	10.3%	10.1%
Risk-weighted capital ratio	14.3%	14.4%	14.4%	14.6%

The capital adequacy ratios on a consolidated basis of the banking institutions including the financial related services within the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF - Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% (2012: 8%) for the risk weighted capital ratio.

The capital adequacy ratios of the Bank refers to the combined capital base as a ratio of the combined risk weighted assets of the Bank and its wholly-owned offshore banking subsidiary, AmInternational (L) Ltd ("AMIL").

(b) The capital adequacy ratios of AMIL is as follows:

	AMIL	
	30 September 2012	31 March 2012
Before deducting proposed dividends		
Core capital ratio	26.0%	19.2%
Risk-weighted capital ratio	26.0%	19.4%
After deducting proposed dividends		
Core capital ratio	26.0%	19.2%
Risk-weighted capital ratio	26.0%	19.4%

The capital adequacy ratios of AMIL for capital compliance on a standalone basis are computed in accordance with the BNM guidelines of RWCAF based on the Basel II capital accord.

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A32. CAPITAL ADEQUACY (CONTD.)

(c) The components of Tier 1 and Tier 2 Capital of the Group and the Bank are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
<u>Tier 1 capital</u>				
Paid-up share capital	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	48,516	48,516	48,516	48,516
Exchange fluctuation reserve	(11,979)	2,077	(11,979)	2,077
Innovative Tier 1 capital	1,100,126	1,129,210	1,094,755	1,124,271
Non-innovative Tier 1 capital	500,000	500,000	500,000	500,000
Retained earnings	3,143,924	3,264,831	3,112,061	3,235,856
Non-controlling interests	50	50	-	-
	<u>7,524,814</u>	<u>7,688,861</u>	<u>7,487,530</u>	<u>7,654,897</u>
Less: Deferred tax assets	(190,642)	(160,792)	(189,164)	(159,755)
Total Tier 1 capital	<u>7,334,172</u>	<u>7,528,069</u>	<u>7,298,366</u>	<u>7,495,142</u>
<u>Tier 2 capital</u>				
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Innovative Tier 1 capital	134,974	105,890	140,345	110,829
Collective allowance for loans and advances #	<u>1,147,431</u>	<u>1,202,562</u>	<u>1,147,339</u>	<u>1,198,932</u>
Total Tier 2 capital	<u>2,840,205</u>	<u>2,866,252</u>	<u>2,845,484</u>	<u>2,867,561</u>
Maximum allowable Tier 2 Capital	<u>2,840,205</u>	<u>2,866,252</u>	<u>2,845,484</u>	<u>2,867,561</u>
Total capital funds	10,174,377	10,394,321	10,143,850	10,362,703
Less:				
Investment in subsidiaries	(32,769)	(32,769)	(32,780)	(32,780)
Other deduction	(6,136)	(9,446)	(6,136)	(9,446)
Capital base	<u>10,135,472</u>	<u>10,352,106</u>	<u>10,104,934</u>	<u>10,320,477</u>

Excludes collective allowance on impaired loans and advances restricted from Tier 2 capital of the Group and the Bank as at 30 September 2012 of RM407,975,000 (31 March 2012: RM336,203,000) and RM407,800,000 (31 March 2012: RM336,161,000) respectively.

The breakdown of the risk-weighted assets in various categories of risks are as follows:

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Credit risk	58,895,299	57,292,202	58,843,742	57,235,055
Market risk	5,100,578	4,494,813	5,100,578	4,494,813
Operational risk	5,368,030	5,401,295	4,738,060	4,570,067
Large exposure risk requirement for equity holdings	<u>2,698</u>	<u>3,298</u>	<u>2,698</u>	<u>3,298</u>
Total risk-weighted assets	<u>69,366,605</u>	<u>67,191,608</u>	<u>68,685,078</u>	<u>66,303,233</u>

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A33. Credit Exposure Arising From Credit Transactions With Connected Parties

	The Group		The Bank	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,231,983	1,391,202	2,507,388	1,680,407
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	3.20	2.06	3.61	2.50
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.02	0.03	0.02	0.03

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A34. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

a. Transition to MFRSs

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below.

b. Restatement of comparatives

During the period, the Bank had reviewed and changed the presentation of:

- (i) interest receivable and payable for certain derivative product for the same counterparty for the year ended 31 March 2012. The interest receivable and payable which were presented on a gross basis is now set off and presented on a net basis in either other assets (net interest receivable) or other liabilities (net interest payable).
- (ii) work in progress ("WIP") for intangible assets for the year ended 31 March 2012. The WIP balance which was previously included under WIP Property and Equipment is now presented under Intangible Assets.

The above classifications are to conform with current period presentation which better reflects the nature of the items.

(i) **Reconciliations of equity**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
The Group				
As at 1 April 2011				
Loans and advances	55,610,208	(95,219)	-	55,514,989
Other assets	1,034,503	-	(222,309)	812,194
Property and equipment	201,112	-	(45,790)	155,322
Intangible assets	91,664	-	45,790	137,454
Other liabilities	2,308,014	(2,985)	(222,309)	2,082,720
Reserves	4,446,494	(92,234)	-	4,354,260

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A34. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(i) Reconciliations of equity (Contd.)

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
The Group				
As at 31 March 2012				
Loans and advances	56,537,197	(45,925)	-	56,491,272
Deferred tax asset	157,077	2,493	-	159,570
Other assets	1,333,754	-	(254,994)	1,078,760
Property and equipment	205,062	-	(63,384)	141,678
Intangible assets	106,829	-	63,384	170,213
Other liabilities	2,347,827	56,377	(254,994)	2,149,210
Reserves	5,250,840	(99,809)	-	5,151,031
The Bank				
As at 1 April 2011				
Loans and advances	55,336,273	(101,363)	-	55,234,910
Other assets	1,029,891	-	(222,309)	807,582
Property and equipment	176,868	-	(45,790)	131,078
Intangible assets	91,646	-	45,790	137,436
Other liabilities	2,298,767	(4,387)	(222,309)	2,072,071
Reserves	4,286,477	(96,976)	-	4,189,501
As at 31 March 2012				
Loans and advances	56,303,147	(50,212)	-	56,252,935
Deferred tax asset	156,339	2,052	-	158,391
Other assets	1,328,120	-	(254,994)	1,073,126
Property and equipment	181,272	-	(63,384)	117,888
Intangible assets	106,814	-	63,384	170,198
Other liabilities	2,338,711	54,971	(254,994)	2,138,688
Reserves	5,201,054	(103,131)	-	5,097,923

A34. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(ii) Reconciliation of income statement and statement of comprehensive income

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
Income statement for the quarter ended 30 September 2011				
The Group				
Allowance for impairment on loans and advances	(104,250)	25,372	-	(78,878)
Provision for commitments and contingencies	530	(29,680)	-	(29,150)
Taxation	(197,659)	1,062	-	(196,597)
The Bank				
Allowance for impairment on loans and advances	(108,335)	25,957	-	(82,378)
Provision for commitments and contingencies	530	(29,679)	-	(29,149)
Taxation	(201,370)	929	-	(200,441)